

Variety, functions and regulation of private higher education: a comparative perspective¹

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Private higher education has been growing in South Africa at high speed, since the publication of the 1997 White Paper on higher education, passed by the legislature in the name of the Department of Education. This growth has led to intense concerns among policy makers, participants and observers of South Africa's higher education environment.

Thus, we read in the National Plan for Higher Education in South Africa that

“The most important consequence of the absence of a national plan has been the development of a competitive climate between public higher education institutions. This competitive climate has, furthermore, been fuelled by the emergence of a market in higher education as a result of a growing private higher education sector. The increased competition between higher education institutions has further fragmented and exacerbated the inequalities within the higher education system.”³

The authors of the National Plan quote the White Paper⁴ on the problems associated with unrestrained competition and profit-driven higher education:

“Lack of institutional focus and mission incoherence, rampant and even destructive competition in which historically advantaged institutions could reinforce their inherited privileges; unwarranted duplication of activities and programmes; exclusive focus on ‘only’ paying programmes; excessive marketisation and commodification with little attention to social and educational goals; and insufficient attention to quality”.

This is not, however, a stand against institutional competition, or against private higher education per se. The National Plan document states that

On the contrary, the Ministry welcomes competition that promotes innovation and enhances quality. However, competition between institutions must be regulated within a national framework that promotes and facilitates the sustainability of the higher education system. Furthermore, the burgeoning private higher education sector requires more stringent regulation to ensure that it complements the public sector and contributes to the overall human resource needs of the country.

It would be presumptuous, coming from Latin America, to try to tell South Africans how they should deal with these problems, which have been cause of concern for policy makers in my region for many years. Latin American higher education has its own problems of quality, equity and focus, and the relationships between private education and the public sector has been often contentious, if not tense. The only advantage of Latin America regarding South Africa is, perhaps, that the region has been dealing with these

³ Ministry of Education 2001

⁴ Department of Education 1997

issues for a long time now, and its experience may serve as a point of reference and a pretext to discuss a set of broad issues that concern us all. In addition, although Latin American countries share some common cultural and historical elements, each country is different, and there is enough variety among them to allow for comparisons about what has or has not been tried, and what was more or less successful.

Based on the experience of some Latin American countries, I would like to discuss three main points. First, about the functions we can expect higher education to perform; second, the positive or negative roles private higher education can play for the fulfillment of these goals; and third, the instruments that are available for governments and policy makers to implement their policies.

Functions

South Africa's White Paper establishes that the role on higher education should be "to redress past inequalities and to transform the higher education system to serve a new social order, to meet pressing national needs, and to respond to new realities and opportunities". How have Latin American countries dealt with these functions, and to what extent can we generalize from this experience?

"To redress past inequalities" – equity, social conditions and discrimination

In Latin America, as in South Africa, inequity has strong ethnical, cultural and economic components. Some countries – Peru, Bolivia, Ecuador, Guatemala – are sharply divided into populations of Spanish and native origins, with different languages and cultures, and large differences in wealth, education and opportunities. Brazil and several Caribbean countries have large populations of African origin, descendents of slaves, mixed or not with European and native blood. No country has had the experience of explicit apartheid, but differences in wealth, occupation opportunities and access to education are strongly correlated with ethnic and cultural origins. In fact, access of native, black and mixed-blood persons to higher education in Latin America is much lower than in South Africa during apartheid, and there are no equivalents to historically black and segregated universities in the region.

Latin American countries became independent from their colonial powers early in the 19th century, and since then have adopted the democratic principles of equal rights for all, even in Brazil, where slavery was legal until 1888. Social inequity was not enforced by legal barriers, but by social and economic mechanisms that developed and grew under democratic frameworks. Since there were no rules preventing blacks or natives to enter the traditional universities that had existed in the region since independence, there were no reasons either to create special institutions for them.

Latin American universities remained restricted and elitist until well into the 20th century, when the ranks of the middle classes started to swell, and new social groups started to demand access to some kind of tertiary education. Countries responded to this trend in two ways: increasing the size and reach of public institutions, or opening space for the private sector to fill in the gaps.

Mexico and Argentina exemplify the first option. The National universities of these two countries, the Universidad de Buenos Aires and the Universidad Nacional Autónoma de México, are among the largest higher education institutions in the world, with hundreds of thousands of students. Admittance to these and similar institutions in the region is free, limited only by one's ability to complete secondary education, which is also public and free in most countries. These institutions have a strong tradition of institutional and political autonomy: they make their own decisions regarding course contents, and have their own rules and procedures to hire, maintain and promote their academic and administrative staff. University authorities are either elected internally, or nominated by government in close consultation with the university academic staff. Relationships between these universities and governments are not always easy – they press for better salaries and other resources, refuse to be evaluated, and may mobilize students and public opinion against governments when they deem it necessary. Students, professors and employees of these universities see themselves as embodying the values of democracy, culture, social justice and modernization, while seeing in governments the representatives of the traditional establishment and the old political and economic oligarchies.

There are reasons to question, however, whether these institutions are really as equitable and democratic as they claim. It is easy for students to get in, but not that simple to get out. In Mexico, only about half the students entering higher education ever conclude their course work, and, of these, only a third ever complete the requirements for their degrees. The “attrition rate” is particularly high in fields like medicine, and much less so in areas such as law and administration. I am not aware of studies showing who are the students who graduate and who are those who drop out, but it is very likely that it depends on the students' family background and cultural capital. There is thus internal discrimination, based on the principles of merit, but related, for sure, to the student's social, economic and cultural origins.

These institutions are inequitable in another sense: higher education covers only fifteen to 20% of the age cohort, but its costs are paid by society as a whole. This public subsidy from society to the children of the elite and upper social groups is justified by the role the universities should perform in creating competence and maintaining high and alive the flames of culture, democracy, freedom and social justice. But the small percentage of students graduating, together with other indicators, suggest that these institutions are not working at the peak of their possibilities, and that their self-righteous claims of excellence and social relevance should be open to scrutiny.

In some cases, thanks to their tradition, the internal selection of talent and the public support they receive, these universities can develop good quality course programs and research departments. In other cases, perhaps in most, the quality of education suffers, and the students who can afford it may give preference to more selective, private institutions.

The other option to deal with expansion has been to limit access to public institutions to those who can pass through some kind of entrance examination, leaving those who cannot to look for alternatives in the private, mostly unregulated education market. Three countries in Latin America exemplify this path, Brazil, Chile and Colombia. In Brazil today, public higher education absorbs about a third of the students, with the

others enrolled in private institutions. In Chile, about half the students are in public institutions. Admittance to these institutions is done through selection procedures based on merit, and competition can be stiff – in Brazil, there are 30 candidates for each slot for medical education, and six for law. To be admitted, the student needs to have gone through a good private secondary school, not available to poorer families. In Brazil, public higher education is free, paid with taxes from the whole population. Chile has a system for tuition for public institutions, with subsidies and students loans for students who cannot pay. Thus, higher education in Chile is more equitable than Brazil, and at the end may be even more equitable than in Mexico and Argentina, with their tradition of uncontrolled access to public universities.

When, in Latin America, we talk about equity, we think mostly on opportunities for persons coming from lower and poorer economic and cultural backgrounds; when, in the United States and South Africa, one talks about equity, he is most likely to be thinking on race and ethnic discrimination. Racial and cultural origins have important and independent impact on access and opportunities in Latin America, however, even when there is no explicit segregation. To compensate for this situation, some analysts and policy makers have been suggesting policies of affirmative action. Affirmative action in higher education is controversial, particularly in countries like Brazil, where most of the population is of mixed blood, and do not have well-defined racial identities.

In short, access and, more importantly, completion of higher education in Latin America is socially and often racially biased, and neither of the two modes of responding to expansion seems to provide a satisfactory solution to the problem. It is doubtful that affirmative action would have a significant impact, if not accompanied by specific policies to correct the deficits in basic education and cultural capital of students coming from poorer and discriminated social backgrounds. The proper policy to redress centuries of social inequity does not seem to reside in the provision of uniform higher education opportunities to highly unequal students, but to develop policies to provide differentiated opportunities and learning conditions according to the needs of each segment. Private higher education, in some cases, can contribute to increase inequity in higher education, when providing good quality education in profitable fields for students who can pay. In other circumstances, it can make higher education a little less inequitable, when providing low cost education and opportunities for students who are rejected by the entrance examinations of selective, public institutions.

“To serve a new social order” – values, culture and ideology

The meaning of this expression in post-apartheid South Africa does not require further elaboration. More broadly, however, this expression conveys the notion that higher education is not just about providing students with a profession and skills, but with values and attitudes that contribute to build the country’s national and cultural identity. This concern has been present in Latin American universities for a long time, and is one of the manifestations of the tensions between public and private institutions that have existed in several countries since independence. In the 19th and most of the 20th century, private higher education in Latin America meant, in practice, Catholic universities. There was no separation between Church and State in the old Spanish Empire, and the movements for independence against Spanish colonial rule were also seen as a conflict between the

proponents of a new social order, based on freedom of thought and rationality, and the traditional oligarchies associated with the Church. The conflict between the laic elites and the Church for the control of education, in Latin America, was very similar in tone to the conflict that took place in France, and led to the establishment of a national, public and laic educational system in that country. In Latin America, different outcomes took place. In Chile and Colombia, the Catholic and public universities coexisted; in Mexico, the public sector dominated; in Brazil, in the 1930s, the Catholic Church tried to take control of public education, and decided, later on, to create its own universities.

Thus, in Latin America, for a long time, the tension between the proponents of public or private education was very much a conflict about who should define the contents of the social order that was to prevail. It is possible to argue that, in recent years, this function was profoundly transformed, both in the public and in the private sector.

In the public sector, the students were the ones who, for decades, used the universities as a springboard for the spreading of the values of a new social order based on the values of justice and social equity. On doing that, they tended to go against the powers-to-be, even when academic and political elites had similar social origins and shared similar worldviews. The history of these student movements cannot be told here, but we can mention some highlights. In 1918 the students of the University of Cordoba, Argentina, raised against the university authorities, charging them of being incompetent and insensitive to the needs of modernity, and started what became known as the “Reform movement” in higher education, which spread out to other countries and shaped higher educations in the region for the years to come. The ideologies of the Reform movement were not very clear and consistent, but one of its consequences was to strengthen the autonomy of the universities regarding governments, and the sense, among the students, that they were the bearers of a new social order, still to be created. In the sixties, most student leaders began to equate the future social order with socialism, and, when a wave of military authoritarian regimes swept the region, they looked for Cuba and China as sources of inspiration and support. In some countries – Colombia, Peru, Venezuela – students became the leaders of long-lasting revolutionary movements, some of them still active today. In others, as time went by, many of the students became teachers and professors, and continued to push forward for their values and aspirations through their unions and other organizations

Little of that happened in Church-dominated, private universities. In spite of their origin as confessional institutions, hoping to create elites that would combine professional competence with adherence to Christian principles and values, the trend for most Catholic universities was to soften their more militant stands, while providing a haven for students willing to escape the highly politicized and troubled environment of public institutions. Most private institutions established after the sixties and seventies are not religious, and do not aspire to play any significant role in the definition and construction of a new “social order”. Some of them are community-based, some are charitable, and most of them are for profit, even when legislation would not allow them to be so.

Higher education in Latin America continues to be fraught with conflicts and diverging interpretations about the role of public and private institutions in the promotion of broad values and agendas. My own view is that, although ideological discourses remain

strong in many sectors, conflicts in higher education today are less about general views and conceptions about the best social order, and more about the narrow interests of teachers and employees' unions, and the benefits and privileges of students. I think that, if higher education is to play a role in the construction of a new social order, this will be more related to concrete results, in terms of education, than because of the ideological and political discourse developed and put forward by their leaders and participants.

"Pressing social needs" – community work

There are two ways in which universities can respond to pressing social needs, besides their general role as education providers: service and research. Services are usually described as community, or "extension work", very broad terms used to refer to different activities performed by academics and students to the benefit of the surrounding communities.

In the past, community work used to be understood as charity, with academics going to poorer communities to provide them with information, services and support. For politically active students and teachers, this kind of work was often interpreted as political mobilization – a way of helping the disadvantaged to become aware of their needs, and to organize to fight for their rights.

A special type of extension work is the health care provided by teaching hospitals to the public. Originally, teaching hospitals were conceived as model and experimental institutions, to train doctors and nurses in their professions. In Brazil and some other places, teaching or university hospitals became major providers of public health, requiring large and specialized staff and independent sources of income. In some universities, the budget and personnel of these hospitals can be as large as a third or half of those of the university as a whole.

Another type of extension work, not often recognized as such, is the provision of short-term, specialization courses for non-regular students. Specialization and extension courses do not have to be tuition free, and can become important sources of income for public institutions working under budgetary restraints. Since they do not provide legal professional degrees, they are free from external oversight. Their certificates, however, can have market value, and these courses can be the only educational resource available to adults willing to improve their competence and skills beyond the regular degree programs.

Extension work, together with teaching and research, used to be considered as one of the three cornerstones of a full-functioning university. In Latin America, there is an effort by practitioners to place extension at the very core of higher education, at the same level of research and teaching, or even at a higher level, as a two-way road linking the universities with society, bringing together academic and popular knowledge, making academic knowledge more democratic, and fostering interdisciplinarity.⁵ In practice, extension has always been a minor activity in most institutions, except in areas like health, where community services are an integral part of teaching. Usually, private institutions are

⁵This is part of the concept of university extension adopted by the First National Conference of Vice-Rectors for Extension of Public Universities in Brazil, 1987. See Nogueira 2001, p. 68.

less active in extension work than public ones. They often lack the political motivation, their revenue comes mostly from regular teaching, and they tend not to offer courses in areas such as health, requiring expensive equipment and permanent services to the public.

In the public sector, however, extension work can become a powerful mechanism to make the institutions more responsive to short-term market demands and more similar to the private sector in their businesslike approach to possible consumers of services and education.

“Pressing social needs” - research

Most countries in Latin America define their higher education systems as Humboldtian – academic institutions where education is provided by scholars permanently engaged in research. Scientific research today, however, is very different from when the Humboldt University was established in Germany two hundred years ago⁶. It is a specialized activity, requiring large investments and dedicated professionals, which are very different from the usual professional or lecturer in an undergraduate teaching institution. In Latin America, as in the United States and in many European countries, research is concentrated in a few institutions, usually in association with advanced masters and graduate programs. This research is often geared to very concrete and practical questions, in the areas of health, agriculture, technology and social issues. In practice, however, the effective contribution of university research to the solution of pressing social needs is usually not very high. There are several reasons for this: from the user’s side, the inability of governments, public agencies and social organizations to identify their research needs and ask the proper questions; from the supplier’s side, the dispersion of human and technical resources, the fragmented ways in which higher education is organized, and the cultural conflicts between the values and motivations of academic work, and those of the potential buyers and users of their professional services. With few exceptions, when governments, companies and social organization think they need research, they tend to establish their own research units, or to get ready-made technology from private suppliers in the country or abroad.

There are, however, important exceptions to this general rule. In some fields, like engineering, agriculture and economics, some public universities have developed strong links with the private sector and public agencies, developing new products and technologies, providing consultancy, and carrying on analysis and studies at their client’s requests. To handle these resources, private-like foundations and agencies have been created within public institutions, which can provide additional income to the university staff, and invest in equipment and installations. These agencies are also responsible for handling the resources and grants coming from science and technology agencies, such as the national research councils that exist in most countries, as well as from international agencies and foundations. This has led to strong differences within public institutions – modern and well-equipped installations side by side with others in poor condition, well-paid staff side by side with others limited to the basic salaries governments can provide.

⁶ For a view of the Humboldtian idea and its evolution in Germany, see “The Federal Republic of Germany: vicissitudes of the Humboldtian project”, in Clark 1995, chapter 1.

These differences have led to tensions and movements to limit the ability of public universities to handle these resources to the benefit of the departments and staff that are able to generate them. It is unlikely that this trend for decentralized management and autonomy will be reversed, but it is also true that not all departments and sectors within public universities will be able to emulate this trend.

One would expect private institutions to be more flexible and ready to adapt to external demands, and to respond more readily to requests for research and technical assistance. What they may have in flexibility, however, they usually lack in density and stability. To do research, it is necessary to have a highly qualified staff, equipments, and established tradition in the field. All of that require long-term investments, which private institutions seldom can afford. Thus, private institutions tend to stay away from research, except in some cases where narrow niches and opportunities can be found.

In short, in Latin America at least, higher education institutions have some ability to respond to pressing social needs, whether through extension work or through research, in public and in private institutions. But this is done through local decisions of institutions and departments, and not through some kind of broad design or strategy. This situation could be improved, but it is probably just as well. The main function of higher education institutions should be to educate the generations that go through their benches, and an excessive concern to respond to pressing needs, which is the responsibility of governments and specialized agencies, can lead them to risk losing sight of their core responsibilities.

“New realities and opportunities” – the challenges of the knowledge economy and globalization

What are the new realities and opportunities to which higher education institutions have to face and respond? The usual answer is to mention the requirements of the knowledge economy and globalization. But what are, more precisely, the knowledge requirements of the “knowledge economy”, and how can higher education institutions respond to globalization?

Granting that knowledge is a key component of modern societies and economies, we should still ask what kinds of knowledge modern societies actually require from their citizens. The knowledge requirements to produce aircraft, consumer electronics, communications equipment and network, or to provide medical, legal and financial advice, are very different in nature and scientific content from most services in business, community, social and personal work. For the former, the professional is supposed to muster a well-defined body of information, skills and procedures, while, for the latter, general verbal and communication abilities are paramount.

Therefore, it is not obvious that, with the growing importance of science-based technologies in industry and in the provision of services, the general competence of the population about scientific matters is also increasing, or should increase. A recent study argues for the United States that, until the fifties, there was a “modernist” culture of science and technology, concerned with the control of nature by men, which “connected science, citizens, and liberal democratic politics productively to each other”, and justified the assumption that science education and culture should be a central feature of modern

citizenship. The passage from a technological culture based on mechanics and standard biology to another based on microelectronics, molecular biology and other complex fields, have led to a growing gap between technology and the ordinary, educated citizen. In the past, “the ordinary American could inspect, imitate, apply and even improve modern technologies. The average citizen could therefore comprehend the causal principles by which modernist machines and tools worked”. “By contrast, most post-modernist technologies are beyond the average American’s comprehension. Ordinary citizens have no informed access to these technologies.” Overall, “the shift to post-modernism may well have contributed to a decline in the American public’s position as competent practitioners of technology.” The American public is more educated today than it was twenty or thirty years ago, and students take more math and science in school than their parents did, but historical data from the National Assessment of Educational Progress suggest that “they may not be gaining much additional competence for their efforts”, and, given the unprecedented demands for complex knowledge by post-modern technologies, “they are perhaps less equipped than previous generations to evaluate the technological culture in which they are immersed”.⁷

It is too simple, therefore, to equate the knowledge skills required for participation in the modern society with the universal grasp and familiarity with current scientific and technological concepts. The skills required from most people in the modern economy include verbal, communication and behavioral traits that do not depend on technical or scientific knowledge in the more usual sense of the word. It is possible to summarize these skills in the following terms⁸. First, general intellectual qualifications become the main source of competence. These qualifications include the ability to think in abstract, to concentrate attention in specific tasks, to be precise, and able to communicate in written, oral and visual forms. Clearly, these abilities are not content-specific. Second, the frontiers between intellectual and manual work, and between professional and home-based work, tend to blur. Intellectual work requires at least proficiency in the use of computers, and manual work requires familiarity with abstract concepts and complex procedures, standards, and instructions. The requirements for speed and efficiency spill over from the professional to the private spheres: “social life and leisure are also subject to these rules. We consume more, and more rapidly, not only material products, but culture, relationships, friendship countries, regions, information. This requires real qualifications - a strong and a good educational foundation, together with virtues required to assume continuous adaptation – physical and psychic endurance, and patience”. Third, professions as such become less important, even as the professional qualifications increase. “It is not just the disappearance of old professions and the emergence of new ones, but a clear devaluation of the traditional professions at all levels of competence”. The market values specific competencies of individuals and highly specialized technical communities, regardless of their professional identities. The old professional careers are replaced by new patterns of long-life professionalization and reprofessionalization, based on solid educational foundations and new sociological and psychological virtues and disposition. For those who

⁷ Merelman 2000

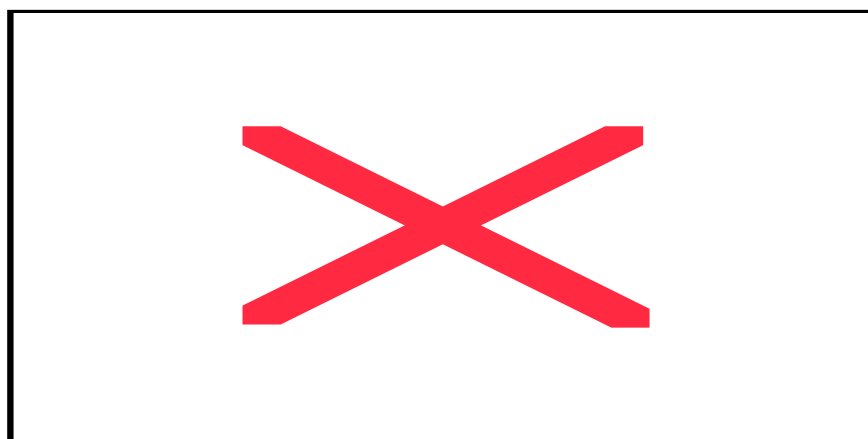
⁸ Based on Paiva 1997.

can participate, this new context creates new opportunities and possibilities, but generates also high levels of uncertainty, insecurity and frustration.

Analyses of the labor market in Latin America confirm this view. A study of the existing data and projections carried out by the United Nations Economic Commission for Latin America shows that employment for persons in professional activities is not expected to rise very significantly in the region in the foreseeable future. For eight Latin American countries, the percentage of professionals in the labor force at the end of the 1990's was 3.1%. For Chile, the figure in 2000 was 8.4%, and the projection for 2015, given the trends of the nineties and assuming an income growth rate of 4.8 for the occupations, is 10.4%. For Brazil, the figure for 2000 is 2.1%, and the projection for 2015, with a similar growth rate, is 3.5%.

Enrollment in higher education follows closely this pattern. Most students enroll in the “social professions” (law, administration, social sciences, education and the humanities (Table 1). There are variations by countries – in Chile, for instance, the number students enrolled in “engineering” and technology is much higher than in other places; but a closer look suggest that these are mostly short-term, vocational courses. This table shows also that the number of students graduating from higher education in the region is about 1/10 of those enrolled, an indication of high levels of inefficiency, since course programs usually last for about four years.

Table 1



Another question here is what small and relatively poor countries can expect to achieve in terms of high quality scientific and technical education and research. Research is highly concentrated today in a few countries, with the gap between them and the rest of the world growing continuously. Even in the United States, which concentrates about half of the world's investments and production in science and technology, the number of students entering the highly technological fields is going down, leaving most higher education institutions outside the production of competencies and skills for the modern knowledge-based economy.

What kind of human competencies, then, are being produced by these non-technological institutions, which make the bulk of higher education institutions both in the

developed and developing world? What can we learn from this international experience, as we think on how better to gear our higher education institutions to respond to the new realities and opportunities of a globalized economy?

There are no easy answers to these questions, but it seems clear that the old notion that higher education institutions should provide general scientific competencies to all students cannot be maintained. For the best graduate and research programs, it is necessary to work at the highest possible levels of competency, in full contact with the best science and technologies available in the world today. This can be achieved by a combination of very high standards, integration in international networks, provisions for education abroad for the best students, and a selective policy of identifying niches in which the country and their best research institutions can participate. Such a policy for high quality, concentrated efforts is very different from the traditional trend to develop mediocre competencies in all institutions, with the hope that one day they would reach acceptable standards.

For most students in the professional and semi-professional careers, general skills and attitudes seem to be much more important than efforts to learn the scientific concepts of their fields. This statement may be received as preposterous, and it certainly controversial. However, in Latin America, there is a long tradition of forcing students to absorb the contents of manuals in the natural sciences – biology, chemistry, physics, or mathematics – or texts of classic authors in the social sciences and humanities, under the assumption that this was needed for their future professional work. When well provided, this kind of exposure to classic education and scientific knowledge can be very valuable to students who are motivated and exposed to real-life questions and problems. More often than not, however, this general education is provided outside any context of applications or links with real-life situations, and becomes a ritual behavior without real benefit.

To teach “general skills and attitudes” is easier said than done. It is less related to specific knowledge contents than to culture and values. For this reason, it is not something that can be easily codified and reduced to manuals and workbooks. Higher education institutions, to work well, should become moral and cultural institutions, transmitting values and attitudes, not by ideological or religious indoctrination, but by the living example of their academic staff. Which values and attitudes are these, and how to build moral and cultural institutions, are questions we have to ponder, without hoping to answer them here.

Is there a place for “low quality” education?

As private institutions expand by providing education for students with limited educational backgrounds, and making use of limited human resources and equipment, there are reasons to question whether this kind of “low quality education” should be allowed to exist at all, or whether it has some redeeming value. In a recent paper Cláudio de Moura Castro and Juan Carlos Navarro, working out of the Inter American Development Bank, argue for recognizing this value.⁹ For them, these schools perform important functions, since they add knowledge and information to students coming from very limited

⁹ Castro and Navarro 1999, p. 57.

backgrounds, and provide them with credentials that may open new opportunities or improve their standing in their jobs. They recognize that the course programs are often badly taught, and many students feel frustrated because they cannot get to the professions they were hoping to enter. However, they argue that the lack of correspondence between degrees and jobs is to be expected, since these courses, even if unwillingly, work mostly as providers of general education, rather than of specialized competencies

Claudio and Navarro call attention to a specific segment of this second tier, the technical schools. They say that these are the least esteemed segment of higher education, often relegated to a “postsecondary” limbo, and perceived as the last choice for students that cannot get into any other type of institution. However, the mere fact that they exist and grow demonstrates that they perform an important function, and should be object of more attention and concern.

Instruments

What instruments can the public sector use to make sure that private higher education institutions – and, for that matter, public ones – perform the functions for which they were created or allowed to exist?

Here, Latin American countries are not very good models, except for learning about dead ends and what should not be done. There are, however, some new experiences that deserve a closer look.

Legal regulations and formal controls

Both Spain and Portugal have a long tradition of governing through very detailed legal ordinances, and Latin American countries followed this tradition in their attempts to reign over their higher education institutions. In Brazil, the tradition was for central authorities to describe the contents of course programs and careers down to the small details, expecting that everybody would follow the rules. Proper enforcement of these rules and regulations, however, were never possible. Governments and education authorities lacked inspectors to see what has happening, and, in the absence of well-defined criteria and indicators, such inspections would be ineffective in any case.

In practice, the main function of this complex legislation and mechanisms, established to control the quality of higher education, was to decide who would be entitled or not to open a university or degree program in a given place. Since the 1930s, Brazil has had a National Council of Education, which is supposed establish the national guidelines for education at all levels, to provide guidance do education authorities, and to approve or reject requests for the establishment of new institutions in the private sector. The mandate, composition, and technical competence of this Council have varied along the years. Congress or the Executive, without the Council’s interference, however, always decided the creation of new public universities, and the Council never had the ability to discuss or influence the distribution of resources. Most of the Council’s work in higher education has been to approve or not the creation of private institutions, or the expansion of old ones. Private entrepreneurs would fight fiercely for these entitlements that, once granted, would

never be revoked, except in extreme cases; and accusations of corruption and intense lobbying in these procedures are still common today.

Traditionally, the Council has always worked like a judiciary court, with specific cases being brought to the attention of its members, which produced opinions to be voted by the collegiate. It also produces opinions and guidelines which are considered mandatory. The composition of the Council was always a complex political arrangement, with representatives of public and private institutions, government, professional corporations and the Church.

The Council's role has been changing in recent years in three important ways. First, it is now an advisory body to the Ministry of Education, and cannot make binding decisions. Second, it does not try to assess institutions and course programs directly. All this work is done now through agencies within the Ministry of Education. And third, the legislation and practices today are more permissive for the creation of new course programs and institutions than in the past. The Council's main tasks, today, are to establish general guidelines and orientations, or to recommend specific decisions in particular cases, when asked by the education authorities.

Planning

Years ago, it was assumed that it would be possible to define the number of medical doctors, engineers, lawyers, nurses, librarians and other professionals a country would need according to some technical criteria, and plan the education institutions according to well-defined targets. This was typical of the socialist economies, and was proposed also in many other countries, in Europe and Latin America, without much success. One of the underlying issues was whether the institutions, and particularly the private sector, were graduating more persons than what was required by the job market in some fields. This was a matter of concern for the professional corporations, such as the lawyers', who watched with apprehension as their ranks swell, with new colleagues coming from unknown institutions and with unknown abilities. In part, this was a legitimate concern with professional quality; but it was also a concern with the eventual oversupply of specialists and its effect on their private revenues.

This issue was often discussed in terms of the need to establish the "social demand" that would exist for a given profession of skill. If, for instance, one could establish that a country needs one medical doctor for a thousand persons, higher education for the medical profession could have this figure as a target and criteria to decide whether new courses should be allowed or not to exist. This "social demand" was supposed to be a set of technical coefficients of some kind, taken for instance from statistical analysis of skilled manpower in developed countries, and not to be confounded with market demands for professional work and education.

Soon it became clear that this kind of "manpower planning" was an impossible task in open societies, given the different institutional arrangements and traditions of professional work in each country, and the unpredictability of changes in technology and

organizational practices.¹⁰ For instance, the need for medical doctors depends on whether a country allows or not the provision of health care by clinical nurses and specialists like optometrists and chiropractics, on the way public health is organized, on the technologies that are available, etc.

Today, the main concern is not with quantitative targets for specific professions, but with the general need to provide society with persons familiar with the modern sciences, in the fields of engineering, health and information technology, as well as with general communications and quantitative skills.

Targeting is still possible, but very differently from what was attempted years ago. Careful observation and studies can reveal situations of too few or too many people applying, being admitted and graduating from specific fields, and governments can direct positive or negative incentives to institutions training these students. This kind of incremental fine-tuning requires, however, that the allocation of public resources to institutions should be defined in terms of specific products and outputs – but, as far as I know, no country in the region has such an instrument at hand.

Professional corporations can still influence access to their ranks through two mechanisms. One is to through active participation in assessment bodies being established by governments for the different subjects; in Brazil, the medical, legal and engineering associations conquered the right to be consulted wherever a new course in their fields is to be authorized to open. The second is to establish independent certification procedures for the students after they complete their courses. This is now common practice among lawyers and in medical specialties in many countries, and is an important departure from the old tradition by which the professional certificates were issued by higher education institutions.

This separation between academic degrees and professional certification has several advantages. It gives more freedom to higher education institutions to organize their courses as they see fit, and, at the same time, provides them, and the public, with a clear indication on whether their students are being successful in obtaining their professional certification. Ideally, professional certification should not be provided by governments, but by independent professional associations, if possible more than one, competing for credibility and recognition.

Assessment

There is ample consensus, today, that the governments' ability to control and assure the quality of higher education institutions from above is limited at best, and one alternative is to make these institutions to compete for quality. This can be done by tying public subsidies to the quality of the students the institutions can attract, as in Chile; by associating fellowships and other resources to good marks in peer review assessments; by linking salaries and other benefits to academic or teaching excellence, as in done in part in

¹⁰ Fulton, Gordon, Williams, World Employment Programme, and European Centre for Higher Education (Unesco) 1982.

Mexico and Brazil; and by the development of national standards and assessment for undergraduate students and their institutions.

Brazil has tried different mechanisms for higher education assessment, some more successful than others.¹¹ Since the seventies, Brazil has maintained a well-regarded procedure for the assessment of graduate education, based on peer review and the use of indicators of research performance.¹² Programs receive marks from "A" do "E", and student fellowships and other incentives are associated with these marks. The extension of this experience to undergraduate education is proving more daunting, however.

The notion that universities should be subject to external assessment dates at least from the proposals of the 1985 National Commission on Higher Education Reform¹³. In the following years, university assessment was limited to "self-evaluation", by which the government distributed resources to institutions to carry on lengthy, ineffectual and toothless procedures of self-exam. The current education law requires all higher education institutions to go through periodical re-accreditation, but it is still not very clear how this will be done. Peer review, which works with some limitations for science-based research and graduate education, does not work as easily at the undergraduate level, where there are no objective indicators of results, and the standards for quality are likely to be controversial or multiple. When, in recent years, the Ministry of Education started to implement a complex procedure for the assessment of course programs, its administration was left in the hands of "specialist committees" which, in practice, applied the values, criteria and biases of public institutions and of their professional corporations in their assessments. So, for instance, private teaching institutions would get low marks if they did not have full time teachers and researchers, even if staffed by good quality professionals working part time.

Brazil pioneered a new assessment procedure that is now being adopted by other countries, the "Exame Nacional de Cursos", a nationwide test applied to last-year students of all professional course programs. Individual results are kept confidential, but the averages obtained by the course programs are published and used as a yardstick to measure their quality. This assessment has had great impact in public opinion, and has allowed the government to try to move against some programs of exceeding low quality in the private sector. There are, however, some important drawbacks. First, these tests measure only final results, not added value, leading to a strong bias in favor of course programs that are able to select the best students in the first place.¹⁴ Second, the contents of the exams are defined by specialists coming mostly from elite and established institutions, leading to uniform standards that thwart differentiation. Third, the government publishes the placement of each course program along a normal distribution within each field, but there are no defined

¹¹ See, for a critical view of some of these experiences, Nunes, Nogueira, and Ribeiro 2001.

¹² Castro and Soares 1986.

¹³ Ministério da Educação 1985.

¹⁴ See, for an attempt to compensate for previous advantages in this exam, Soares, Ribeiro, and Castro 2001.

quality standards and cut points - the public is not informed, for instance, if one can rely on a graduate from a B medical school for an appendectomy.

It is interesting to speculate on why these problems, which are well known, have still not been corrected. The first is mostly a technical issue, which should be tackled soon: there is now in Brazil a standardized National Voluntary Test for students ending secondary education, which be used as a baseline to compare the student's achievements in the tests at the end of their professional studies. The second problem is more complex: it is related to the fact that these tests are done by a single public agency, which could not possibly establish competing criteria and assessment procedures within itself. A truly pluralist assessment would require independent assessment bodies, with institutions being allowed to choose their assessing entities.

Finally, the third problem is an indication of the relative weakness of the education authorities regarding the higher education establishment. The introduction of the national assessments was subject to strong opposition, and there are still vehement reactions and challenges whenever the government threatens to close course programs that come out at the bottom of the curve. The announcement of minimum standards would, in all probability, place many public and private institutions below the cut point, creating controversies challenges at such levels that the government would probably not be able to handle.

Other countries that have tried to implement national assessments have faced similar problems. In some places, the large, established universities have refused to participate; in others, the results are not published. In part, this resistance is a manifestation of the institutions' defensiveness against external assessments. But is also related to the fact that, interesting and innovative as these assessment are, they are still too experimental and controversial to be used as the sole criteria to seal the fate and reputation of academic institutions.

Positive and negative roles of private higher education: old assumptions and new realities

In many quarters in Latin America, public and private higher education are still seen as opposite and irreconcilable institutions. Public institutions, for their defenders, are dedicated to the common good, committed to culture, science, and to democratic and community values; while private institutions are seen as geared to private profit, indifferent to the common good, stimulating competition and greed, and fostering inequity and discrimination. Not surprisingly, the defenders of private education see things differently: for them, public institutions are dinosaurs – arrogant, heavy, inefficient and unable to adjust to the needs of modern society -, wasting public resources that could be better used to other social needs; while private institutions are described as efficient, tuned to the changing needs of the job markets, and without the excessive overhead costs of their public counterparts.

This overview of the Latin American experience suggests that we should not look at public and private education in such polarized terms. They both perform useful and often complementary functions, and both have problems and drawbacks. Governments

have the responsibility to regulate and look for quality and relevance in both, but their ability to do so is more limited than it is commonly thought. In this conclusion, we will review some common assumptions related to the differences between public and private institutions – related to markets and profit – and will conclude by arguing that there is a trend for convergence between the two.

Private and public markets

We are used to think on the private world as governed by competition in the market, while the public world is governed by normative principles and mandates. In a classic small book, Albert Hirschman described the efficiency of the market as enforced by people stating their preferences by “voting with their feet”, and the efficiency of public institutions as controlled by the peoples’ ability to express their voice in the political arena. In both cases, however, there are values of loyalty that keep the institutions working¹⁵. We know that markets depend also on common values and institutions, which define the “rules of the game”, and assure the good faith of the players; while, in recent years, there has been a tendency for governments to create internal “markets” for the distribution of public resources. Thus, science councils routinely establish competition among researchers for their support; students compete for places in universities, and, later, for jobs in public institutions; and private companies dispute bids in procurement markets established by the public sector. Thus, it is not true that competition is inimical to the world of science, culture, academic and public life; on the contrary, it is a very important part of it.

Education vs. profit

In many Latin American countries, there is the belief that education values and profits are irreconcilable, and, because that, profit-making education institutions are not allowed to exist. This situation is not very different from the old notion that the true Olympic athlete had to be an amateur, and banned the professionals from the competition. In Brazil, for many years, the assumption that private higher education was done by philanthropic institutions generated a situation in which, on one hand, institutions benefited from tax privileges granted to truly philanthropic institutions; and, on the other, devised different mechanisms to transfer the surpluses obtained by their institutions to their owners. More recent legislation admits that private institutions can be for profit or not, depending on whether they are truly philanthropic, like some religious and community-based institutions. For-profit institutions have to pay taxes like any other private concern, the assumption being that they should behave as any honest business company, selling good, value-for-money education.

A symmetrical view within the public sector led to legislation stating that all academics should earn the same salaries, according to rules applied uniformly to all public institutions. This situation made the universities unable to compete for talent, and to lose their best people to the private sector or to institutions abroad. This extreme symmetry is compensated, in practice, by the ability of academics to increase their income through participation in research projects; and, in Brazil as well as in Mexico, the government

¹⁵ Hirschman 1981

created salary incentives to stimulate dedication to teaching and research in public institutions. So, the notion that people and institutions should be financially rewarded according to their work, dedication and entrepreneurship in education and research is gaining ground in the public sector as well.

Convergence

My main proposition, through this paper, is that public and private higher education institutions are converging in many ways, and this is a positive trend. This convergence has to do with the way the institutions are financed, but is deeper than that. Today, in most Latin American countries, public and private higher education are sharply dissimilar, with the former being financed with public resources and providing free education, while the latter being financed by tuition. In some countries, however, students have to pay tuition in public institutions, while private institutions can receive some kinds of public subsidies. As higher education becomes more expensive, and as the private sector becomes the provider of higher education for half or more of the student population, the arguments to treat public education also as a private good, and private education as also a social good, become stronger.

More deeply, public institutions are changing the ways they function, and becoming more entrepreneurial in their daily activities. In the past, they could see themselves as purely public institutions, receiving a stable budget from the government to perform a specific set of functions. Now, universities have to dispute resources with each other and with other social programs in the public sector. Besides, they have to look for other sources of resources and support, in the private sector, from other government agencies, from international donors. To perform these tasks, they have to change the way they are organized internally, with more power going to management positions, or through decentralization into semi-independent business units, associated with academic departments and institutes. Private institutions, on the other hand, have to respond to public regulations, and, as they become more complex and bring in large staffs, they have to become more institutionalized, and cannot be ruled any longer as simple business concerns.

This convergence is far from being complete, and it is not likely that the differences between public and private institutions will blur in Latin America any time soon, the way they have blurred among the leading universities in the United States, where people may forget that Harvard, Stanford and Columbia are private institutions, while Berkeley and Michigan are public. But it is a trend one has to keep in mind, as we look at the way higher education institutions perform their functions, and the instruments governments have to assure that they work to the best interests of society.

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